

Calendar No. 681

103D CONGRESS
2D SESSION

S. 2272

A BILL

To amend chapter 28 of title 35, United States Code, to provide a defense to patent infringement based on prior use by certain persons, and for other purposes.

SEPTEMBER 28 (legislative day, SEPTEMBER 12), 1994

Reported with an amendment

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IN THE SENATE OF THE UNITED STATES

JULY 1 (legislative day, JUNE 7), 1994

Mr. DECONCINI (for himself and Mr. BIDEN) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

SEPTEMBER 28 (legislative day, SEPTEMBER 12), 1994

Reported by Mr. BIDEN, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To amend chapter 28 of title 35, United States Code, to provide a defense to patent infringement based on prior use by certain persons, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Patent Prior User
5 Rights Act of 1994”.

1 **SEC. 2. DEFENSE TO PATENT INFRINGEMENT BASED ON**
2 **PRIOR USE.**

3 (a) IN GENERAL.—Chapter 28 of title 35, United
4 States Code, is amended by adding at the end thereof the
5 following new section:

6 **“§ 273. Rights based on prior use; defense to infringe-**
7 **ment**

8 “(a) DEFINITIONS.—For purposes of this section, the
9 term—

10 “(1) ‘commercially used’ means the use in
11 interstate or intrastate commerce, including the use
12 of processes, equipment, tooling, and intermediate
13 materials in the design, testing or production of
14 commercial products whether or not such processes,
15 equipment, tooling, and intermediate materials are
16 normally accessible, available, or otherwise known to
17 the public;

18 “(2) ‘effective and serious preparation’ means
19 that a person, in the United States, has—

20 “(A) reduced to practice the subject matter
21 for which rights based on prior use are claimed;
22 and

23 “(B) made serious plans, and a substantial
24 investment or much of the investment necessary
25 for the subject matter to be commercially used;
26 and

1 “(3) ‘critical date’ means the filing date or the
2 priority date, whichever occurs first, of the applica-
3 tion for patent.

4 “(b) IN GENERAL.—A person shall not be liable as
5 an infringer under a patent granted to another with re-
6 spect to any subject matter claimed in the patent that
7 such person had, acting in good faith, commercially used
8 in the United States or made effective and serious prepa-
9 ration therefor in the United States, before the critical
10 date.

11 “(c) LIMITATION OF DEFENSE.—Subject to sub-
12 section (d), rights based on prior use under this section
13 extend only to the claimed invention that the person claim-
14 ing rights based on prior use was in possession of prior
15 to the critical date.

16 “(d) CERTAIN VARIATIONS AND IMPROVEMENTS NOT
17 AN INFRINGEMENT.—The rights based on prior use under
18 this section shall include the right to make and use vari-
19 ations or improvements, including variations in the quan-
20 tity or volume of such use. Such variations or improve-
21 ments may not infringe additional claims of the patent.

22 “(e) QUALIFICATIONS.—(1) The rights based on
23 prior use under this section are personal and shall not be
24 licensed or assigned or transferred to another except in

1 connection with the assignment or transfer of the entire
2 business or enterprise to which the rights relate.

3 ~~“(2) A person may not claim rights based on prior~~
4 ~~use under this section if the activity under which such per-~~
5 ~~son claims the rights was—~~

6 ~~“(A) based on information obtained or derived~~
7 ~~from the patentee or those in privity with the pat-~~
8 ~~entee; or~~

9 ~~“(B) abandoned on or after the critical date,~~
10 ~~except that for abandonment which occurs after the~~
11 ~~critical date, rights based on prior use may be used~~
12 ~~as a defense to infringement for that period of activ-~~
13 ~~ity which occurred prior to abandonment if such ac-~~
14 ~~tivity would otherwise, in the absence of abandon-~~
15 ~~ment, have been allowed under this section.~~

16 ~~“(3) The rights based on prior use under this section~~
17 ~~are not a general license under all claims of the patent,~~
18 ~~but are restricted in scope to cover only that subject mat-~~
19 ~~ter claimed in the patent that has been commercially used,~~
20 ~~or for which there has been effective and serious prepara-~~
21 ~~tion, in the United States, before the critical date.~~

22 ~~“(f) BURDEN OF PROOF.—In any action in which a~~
23 ~~person claims a defense to infringement under this section~~
24 ~~the burden of proof for establishing the defense shall be~~
25 ~~on the person claiming rights based on prior use.”.~~

1 ~~(b) TECHNICAL AND CONFORMING AMENDMENT.—~~

2 The table of sections for chapter 28 of title 35, United
3 States Code, is amended by adding at the end thereof the
4 following:

 “273. Rights based on prior use; defense to infringement.”.

5 **SEC. 3. EFFECTIVE DATE.**

6 The provisions of this Act and the amendments made
7 by this Act shall take effect on the date of the enactment
8 of this Act.

9 **SECTION 1. SHORT TITLE.**

10 *This Act may be cited as the “Patent Prior User*
11 *Rights Act of 1994”.*

12 **SEC. 2. DEFENSE TO PATENT INFRINGEMENT BASED ON**
13 **PRIOR USE.**

14 *(a) IN GENERAL.—Chapter 28 of title 35, United*
15 *States Code, is amended by adding at the end thereof the*
16 *following new section:*

17 **“§273. Rights based on prior use; defense to infringe-**
18 **ment**

19 *“(a) DEFINITIONS.—For purposes of this section, the*
20 *term—*

21 *“(1) ‘commercially used’ means the use in inter-*
22 *state or intrastate commerce, including the use of*
23 *processes, equipment, tooling, and intermediate mate-*
24 *rials in the design, testing, or production of commer-*
25 *cial products whether or not such processes, equip-*

1 *ment, tooling, and intermediate materials are nor-*
2 *mally accessible, available, or otherwise known to the*
3 *public;*

4 “(2) ‘effective and serious preparation’ means
5 *that a person has, in the United States—*

6 “(A) *actually reduced to practice the subject*
7 *matter for which rights based on prior use are*
8 *claimed; and*

9 “(B) *made serious plans, and a substantial*
10 *investment or a substantial portion of the total*
11 *investment necessary for the subject matter to be*
12 *commercially used; and*

13 “(3) ‘effective filing date’ means the earlier of the
14 *actual filing date of the application for patent or the*
15 *filing date of any earlier United States, foreign, or*
16 *international application to which the subject matter*
17 *at issue is entitled under sections 119, 120, or 365 of*
18 *this title.*

19 “(b) *IN GENERAL.—A person shall not be liable as an*
20 *infringer under section 271 of this title with respect to any*
21 *subject matter claimed in the patent being asserted that*
22 *such person had, acting in good faith, commercially used*
23 *in the United States or made effective and serious prepara-*
24 *tion therefore in the United States, before the effective filing*
25 *date.*

1 “(c) *LIMITATION OF DEFENSE.*—Rights based on prior
2 use under this section are not a general license under all
3 claims of the patent, but subject to subsection (d), extend
4 only to the claimed invention that the person claiming
5 rights based on prior use was in possession of prior to the
6 effective filing date.

7 “(d) *CERTAIN VARIATIONS AND IMPROVEMENTS NOT*
8 *AN INFRINGEMENT.*—The rights based on prior use under
9 this section shall include the right to vary the quantity or
10 volume of commercial use or to make improvements that
11 do not infringe additional claims of the patent.

12 “(e) *QUALIFICATIONS.*—(1) The rights based on prior
13 use under this section are personal and shall not be licensed
14 or assigned or transferred to another except in connection
15 with the good faith assignment or transfer of the entire busi-
16 ness or enterprise or the entire line of business or enterprise
17 to which the rights relate.

18 “(2) A person may not claim rights based on prior
19 use under this section if the activity under which such per-
20 son claims the rights was—

21 “(A) based on information obtained or derived
22 from the patentee or those in privity with the pat-
23 entee; or

24 “(B) abandoned on or after the effective filing
25 date, except that for abandonment which occurs after

1 *the effective filing date, rights based on prior use may*
 2 *be used as a defense to infringement for that period*
 3 *of activity which occurred prior to abandonment if*
 4 *such activity would otherwise, in the absence of aban-*
 5 *donment, have been allowed under this section.*

6 *“(f) BURDEN OF PROOF.—In any action in which a*
 7 *person claims a defense to infringement under this section*
 8 *the burden of proof for establishing the defense shall be on*
 9 *the person claiming rights based on prior use.”.*

10 *(b) TECHNICAL AND CONFORMING AMENDMENT.—The*
 11 *table of sections for chapter 28 of title 35, United States*
 12 *Code, is amended by adding at the end thereof the following:*

“273. Rights based on prior use; defense to infringement.”.

13 **SEC. 3. EFFECTIVE DATE.**

14 *The provisions of this Act and the amendments made*
 15 *by this Act shall take effect on the date of the enactment*
 16 *of this Act.*